SENATE BILL REPORT
SSB 6051

As Passed Senate, April 10, 2003

Title: An act relating to the payment of excise taxes.

Brief Description: Decreasing the payment period for excise taxes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Winsley, Fairley, Poulsen and Kline).

Brief History:
Committee Activity: Ways & Means: 3/27/03, 4/7/03 [DPS].
Passed Senate: 4/10/03, 39-9.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6051 be substituted therefor, and the substitute bill do pass.
Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Fairley, Hale, Honeyford, Johnson, Parlette, Roach, Sheahan and Winsley.

Staff: Terry Wilson (786-7433)

Background: The Department of Revenue (DOR) collects the state's major excise taxes, such as the retail sales and the business and occupation tax. The taxes collected by DOR are reported on the combined excise tax return. Taxpayers reporting on this form whose estimated tax liability is greater than $4,800 a year are required to pay taxes by the 25th of each month for activity in the previous month. Taxpayers whose estimated tax liability is between $4,800 and $1,050 a year are required to pay quarterly. Taxpayers whose estimated tax liability is less than $1,050 a year are required to pay annually. Quarterly and annual taxpayers are required to pay taxes by the end of the month following the end of the reporting period. To be timely, the returns must be postmarked by the due date.

Summary of Bill: Taxpayers with total tax liability greater than $4,800 in a calendar year are required to report and pay taxes by the 20th of the month rather than the 25th.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on August 1, 2003.

Testimony For: This will help the budget deficit without a general tax increase. It is a fair approach. It only steps up payment by five days. These are tax revenues that business has already collected and holds in trust for the state. It is the state's money. Business still gets the interest for 20 days. The business use of the money will help pay administrative costs of collections.

Testimony Against: This generates new revenues to the state by taking money from the retailers. This small amount of interest recognizes the costs of collection. Two-thirds of the states provide retailer compensation, but Washington does not. Most sales are by credit card, and the state taxes must be paid before the business gets the money from the bank. It takes several days to close the books. Pushing back the date does not give the larger businesses enough time. It is cumbersome to change accounting systems. It will cost business more than it generates in revenue.

Testified: PRO: Jeanne Kohl-Welles, prime sponsor; CON: Jan Gee, WA Retail Assoc.; Mark Johnson, NFIB; Jim Boldt, WA Auto Dealers Assoc.; Cody Benson, AWB.